

Global Newspaper
Published in Paris
Printed simultaneously
Paris, London, Zurich,
Hong Kong, Singapore,
Hague, Marseille, Miami

HERALD TRIBUNE

Published With The New York Times and The Washington Post

32,248

44/50

PARIS, MONDAY, OCTOBER 27, 1986

ESTABLISHED 1887

LATE NEWS

Miners Die

South Africa

JHANNESBURG (UPI) — A disaster plucked from the air of a South African gold mine Sunday, killing six and wounding 32, a mine official said.

A least four other miners were seriously injured when the 10-foot (30-meter) shaft at an area where 32 miners were working. The accident followed by six weeks South African gold mine disaster, a below ground in the King's mine east of Johannesburg killed 177 miners.

GENERAL NEWS

A U.S. judge supported fundamentalist parents challenging the use of a basic reading program.

The leadership of the Movement for the Abolition of the Death Penalty implied that South Africa rebels were involved in the assassination of a South African official.

James H. Hines, captured a mission to supply ammunition to rebels, feels political.

Jeffrey Archer of Britain's conservative Party retained his seat in the House of Commons after a close race.

Business/Finance: Fiat SpA offered to merge the Italian government-owned company, Alfa Romeo, into Alfa Romeo division.

Beats have reduced their sales to developing countries, a BIS reported.



A bomb killed General Rafael Garrido Gil, the military governor of the Basque province of Guipuzcoa, and his wife and son as they were driving through San Sebastián on Saturday.

Bomb Kills Spanish General; Basque Rebels Claim Attack

By Edward Schumacher

New York Times Service

MADRID — The military governor of the Basque province was killed with his wife and son Sunday when a bomb exploded near their car as they drove through San Sebastián, police said.

Two youths on a motorcycle exploded a sports bag on the car and then sped away seconds before a bomb inside the bag exploded in the Basque city of San Sebastián, the police said.

The bomb killed General Rafael Garrido Gil, 59, the military governor of the surrounding province of Guipuzcoa, as well as his wife, Isabel Velasco, and their 16-year-old son, Daniel. Their driver and four bystanders were injured.

The separatist guerrilla group ETA, a Basque-language acronym for Euzkadi Ta Askatasuna, claimed responsibility for the attack.

Shortly after the attack, bombs exploded in two supermarkets in Vitoria in Álava province, wounding at least four persons, and at car dealerships in the Guipuzcoa villages of Ordizia, Barrika and Urdax, the police said.

The attacks came a day after the government of Prime Minister Felipe Gonzalez recognized Spanish separatist groups. For the first time, Mr. Gonzalez picked a civilian to head the national paramilitary force, the Civil Guard, in an effort to increase the government's effectiveness against ETA.

Visiting Portugal, Mr. Gonzalez said that ETA was a "mafia" and added, "It is a difficult fight, but we are going to keep trying to stop it with all our determination."

Added to Mr. Gonzalez said Luis Roldán, the government's representative in Navarra province, had been selected to head the Civil Guard in place of the retiring General José Antonio Sáenz de María.

Officials said the selection of Mr. Roldán, an anti-ETA hard-liner in Navarra, which is heavily populated with Basques, represented a new approach.

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U.K. Eavesdropped on Syria

Analysts Say Violence Is Used as Policy

By Elaine Sciolino

New York Times Service

NEW YORK — An increasing number of Western and Middle Eastern intelligence analysts believe that all the countries of the Middle East, none uses terrorism more effectively as an adjunct to diplomacy than Syria.

These sources offer long lists of examples of how the government of President Hafez al-Assad has used violence to influence events in Lebanon and to strike at Israel. They also assert that Syria has not hesitated from turning to terrorism to eliminate its Arab enemies abroad and to try to dominate the Palestinian movement.

The sources spoke in interviews with correspondents of The New York Times in the United States, the Middle East and Europe.

The case of Nezar Hindawi, a 32-year-old Jordanian convicted in London on Friday of trying to blow up an El Al airliner in April, is an unusual case study of how Syria uses terrorism as part of its foreign policy, these experts say.

"Syria makes the most skillful and effective use of terrorism, and in the past it has been able to maintain at least the thinnest veil of deniability," said Brian M. Jenkins, director of the research program on political violence at the Rand Corp.

What makes this case so extraordinary is that it publicly lays out the links and relationship directly to Syria.

Intelligence experts say that British officials decided to send diplomatic relations after Mr. Hindawi's conviction, plus the alleged bombing by his brother of an Arab-German friendship club in West Berlin in March, are forcing Western governments to the conclusion that Syrian intelligence is more deeply involved in aiding Arab terrorists.

See SYRIA, Page 6



Foreign Minister Farouk al-Shara of Syria denied British charges Saturday that Damascus was implicated in a plot to plant a bomb on an Israeli airliner at Heathrow Airport.

Syrian Issue May Cause French-British Strains

By Richard Bernstein

New York Times Service

PARIS — A disagreement between France and Britain appeared to be looming Sunday as foreign ministers of the European Community prepared to discuss a European response to Britain's break in diplomatic relations with Syria.

Sir Geoffrey Howe, the foreign secretary, was expected to press for a foreign ministers' meeting Monday in Luxembourg for diplomatic support of Britain's decision to sever its ties with Syria.

Behind a plot to blow up an Israeli passenger jet in April, the Syrian government was implicated in a plot to plant a bomb on an Israeli airliner at Heathrow Airport.

But while most of the European countries were expected to express at least verbal solidarity with Britain, there were signs of widely varying approaches to relations with Syria, with some countries, particularly France, seeming reluctant to take on an antagonistic posture toward the Syrian government.

British officials were said to be angry over reports that the French had been negotiating a major arms sale to Syria in recent weeks.

The Sunday Times of London, quoting British sources, reported that Prime Minister Margaret Thatcher would be seeking and explanations from the French and support from other EC governments.

The arms sale, which has not yet been approved by Prime Minister Jacques Chirac, reportedly involves helicopters, armor plating for tanks and equipment for night warfare.

The reports of the arms sale, which appeared in two French newspapers last week, have been widely denied by French officials.

Nonetheless, a more general difference of approach separating France and Britain has become evident with the British decision to break relations with Damascus.

The British move reflected a tough approach to long-suspected Syrian support of terrorism in Europe but it seemed likely that other European countries favor a more cautious approach toward Syria, which is seen as a key link to European relations with the Arab world and to the possibility of peace in the Middle East.

Despite accusations that Syria gave support to the extremist group that planned a series of terrorist bombings in Paris last month, French officials have avoided, directly accusing Syria, saying that there was no proof of Syrian involvement.

France has sought recently to improve its ties with Iran and Syria in part of a belief that the two countries can provide key help in getting the release of several French citizens held in Lebanon.

French newspaper commentators said this weekend that France was seen to be "undermining" the British decision to break diplomatic relations.

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Damascus Says London Blundered

By Francis X. Clines

New York Times Service

LONDON — British intelligence agents were able to eavesdrop directly on conversations verifying the complicity of the Syrian ambassador in the plot to bomb an Israeli airliner in April, according to government officials.

The intelligence gathered from this source and others was an undeniable factor in Britain's decision to break relations with Syria on Friday three hours after the conviction by a British court of Nezar Hindawi, 32, a Jordanian.

He was sentenced to 45 years in prison on charges of trying to blow up an El Al airliner carrying 375 persons on April 17 by concealing a bomb in the luggage of his Irish girlfriend, Anne-Marie Murphy, 32.

The bomb was found as he attempted to board the plane at Heathrow Airport.

Meanwhile, the Syrian foreign minister, Farouk al-Shara, said Saturday evening at a news conference in Damascus that "British has committed a big blunder for which it will be sorry."

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Alan Frost of France on Sunday after he won the Australian Grand Prix and his second Formula One title, Page 23.

Arile Talks to Marcos

By Seth Meyers

New York Times Service

MANILA — Defense Minister Juan Ponce Enrile, in increasingly a defiance of President Corason Aquino, addressed a rally of loyalists of the former ruler, Ferdinand E. Marcos, Sunday.

He said the rally was a new phase in his campaign of criticism, "implication that the Aquino administration is guilty of corruption," he said.

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Moscow Says Reagan Proposed Deal on Arms

By Gary Lee

Washington Post Service

MOSCOW — A Soviet official, quoting statements he said President Ronald Reagan made in negotiations at Reykjavik, has said that the U.S. president proposed a 10-year accord that would scrap all U.S. and Soviet strategic nuclear arms, including ballistic missiles, heavy bombers and long-range cruise missiles.

The White House has said that the president put forward a proposal that called for the elimination of both sides' offensive ballistic missiles of all ranges over two five-year periods.

The administration contends that Mr. Reagan had discussed the total elimination of all nuclear weapons only at a summit level and but one that was not agreed to at Reykjavik.

According to the account provided by a deputy foreign minister, Alexander A. Bessmertnykh, at a news conference Saturday, Mr. Reagan was initially confused about the Soviet proposal to eliminate strategic armaments on both sides, but later clarified the proposal.

Mr. Bessmertnykh said that the United States would agree to it. After the two sides reached tentative agreement on sharp cutbacks and ultimate elimination of medium-range and strategic missiles, the meeting ended in stalemate on Oct. 12 over the U.S. Strategic Defense Initiative.

The question of what Mr. Reagan actually agreed to in the closing hours of the Iceland summit has become not only a matter of dispute between the White House and Kremlin, but also of concern within some congressional and military circles in Washington.

Senator Sam Nunn, Democrat of Georgia, a respected voice on military affairs, said some other lawmakers also have said that Mr. Reagan had talked of eliminating all U.S. bombers and submarine cruise missiles as well as land and submarine-based missiles.

Mr. Nunn and others have pointed out that if Mr. Reagan agreed to eliminate all strategic, or long-range, offensive arms, that would include all U.S. bombers and submarine cruise missiles as well as land and submarine-based missiles.

Mr. Nunn said that would leave U.S. allied forces in Europe vulnerable to considerably larger Soviet conventional forces. Saturday's press conference was See ARMS, Page 6

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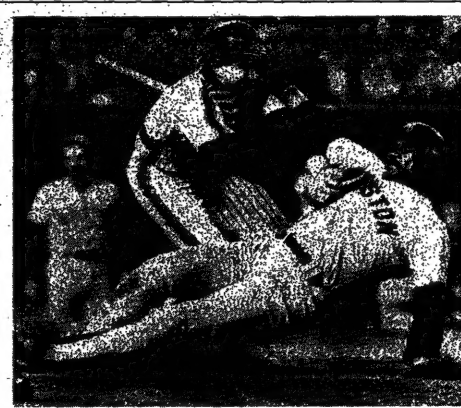
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Final Series Game Postponed

The Most catcher, Gary Carter, tagged out Jim Rice of the Red Sox as he tried to score in the seventh inning of Saturday's game in New York. With only one out left in the 10th inning, New York scored on consecutive Boston errors and came from behind to win, 6-5. Because rain on Sunday forced a postponement, the seventh and final game in the World Series is to be played on Monday, Page 23.

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Ronald Reagan at a campaign appearance for Senator Robert W. Kasten Jr. of Wisconsin.



By Bernard Gwertzman

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Wiesel, Leav

As a short-term exception, officials said, State Department ad-

ving Soviet, U

religious celebration Saturday night at the main Moscow synagogue.

Mr. Wiesel went to Moscow on Wednesday in his capacity as chairman of the U.S. Holocaust Memo-

Urges Free E

migration

gretted that he had been unable to meet with Andrei D. Sakharov, the dissident physicist who is restricted to the city of Gorky, which is closed to foreigners.

tion or conflict." He said that Mr. Machel had chosen "the path of terror."

■ **Funeral Processions**

Five funeral processions rolled through Maputo on Sunday, carrying the bodies of 19 persons who also died in the crush that killed Mr. Machel. The Associated Press reported.

Independence Square in the

John McKnight, an Australian clergyman who is hunting for the technician, Mordechai Vanunu, said he had learned that Mr. Vanunu was remanded in custody for 15 days by a judge in Jerusalem on Oct. 20. Mr. McKnight converted Mr. Vanunu to Christianity in Australia and refused to disclose his source of information on the technician's whereabouts.



SERVICE 800

into the Gulf, he said.

...missed at party headquarters.

reaching the main square of the camp."

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LE PLUS CÉLÈBRE CABARET DU MONDE



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The truce was announced in Si-
on after a meeting of Amal and
Palestinian officials; a Syrian ob-
server said the truce was "a

ADVERTISING SECTION

ADVERTISING SECTION

April 1987

Oct. 27, the City of London International. From that day on, the old ways, more of a faded back to the 16th century, will be gone.

There have been much trading and selling on behalf of clients from stockbrokers and large firms backing their names as to which share would be the best.

There has been a lot of talk about the City of London and its future. One of the top ten banks, the City of London, has been a major force in the City of London.

The result of Sir Nicholas' deal was that major changes which have reshaped the London securities industry on its head.

The ending of fixed commissions for stockbrokers. For the first time since the beginning of the century, stockbrokers will have to compete on the price of their service as well as the quality. Commission rates will be fixed and estimates of how far they may fall vary from 20 percent to 50 percent.

When commissions were fixed in New York in 1975 a number of firms were bankrupted.

The Stock Exchange is trying to "modernize" inside. Club membership has been opened up to Americans, Japanese and any other foreign brokers or banks who seem reasonably respectable. But the terms consider also covers all non-brokers, or jobs like banks and insurance companies.

The system of doing business (peculiar to the British) known as single capacity is giving way to dual capacity, common in all other major stock markets.

Single capacity means that a stockbroker was essentially an agent, buying and selling shares for his customers, he they private individuals or big powerful financial institutions like the Prudential Insurance Company. The broker bought and sold his shares through a stockbroker who acted as a principal or a merchant, trading up with shares he thought would be in demand and getting rid of those that were unwanted. The broker could not buy stock for his firm as a principal and the broker could not deal with the public.

It is the changeover from single capacity to dual capacity that has

There was an uneasy hiatus. Business went on as normal. Then in the spring of 1984, Barclays Bank announced it was buying stakes in one of the largest jobs, World Daudcher, Montreal, and one of the top ten banks, de Zeeuw and Bevan.

In the same week Midland Bank plighted its troth with establishment stockbroker Greenwell. The race was on.

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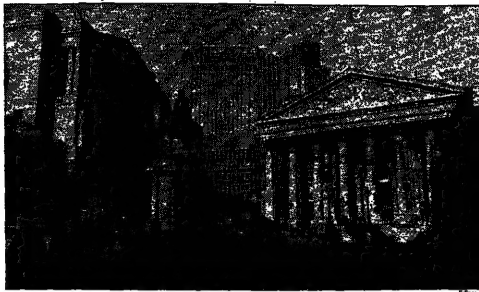
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The Bank of England (left), the Stock Exchange and the Royal Exchange.

so far caused the biggest turmoil in the City. Although only items 1 and 2 were applied out in the Goodson/Parliament clause, people began to realize not long afterwards that the change was inevitable. If London was to survive as an international market.

Lending to the foreigners really offered no choice. The London members of the stock exchange could either stick their heads in the sand and let the American giants like Merrill Lynch and Shearson Lehman stump up all over them, or they could get themselves a strong financial partner and prepare to fight.

If London was to be truly international (and it is ideally placed between the time zones of the world's biggest financial markets, New York, and the third largest, Tokyo) it has to do away with single capacity and join the rest of the world. For the City it was and will be as catastrophic as if the rest of the nation was suddenly asked to switch from driving on the left to the right.

But the need to compete worldwide, and the whole drive towards

"globalization" would probably have happened without Big Bang, thanks to modern technology. Electronic dealing systems and financial information services have, in the work of one trade, "made deep capital." Prices of stock, bonds, commodities, and financial instruments are instantly accessible anywhere, anytime.

The removal of all this has been one of the biggest corporate "low-lows" ever, as banks, brokers and jobbers have scrambled to find suitable premises before the new game begins. (More recently, it has been a realignment of financial groupings.)

After Big Bang, instead of stockbrokers and stockjobbers there will be market-makers and agency buy-sellers dealing in shares. So far around 38 firms have said they want to "market make" in equities. This compares with 15 jobs in all, five of whom did 90 percent of the business.

In gilt-edged, the difference will be even more marked. For the last ten years or so, two of the biggest London jobbers, World Daudcher and Jefferies & Sullivan,

have split the sale of government stock between them. Following Big Bang, 27 firms have applied to be primary dealers in gilts. Clearly the competition is warming up by several factors and anyone making mistakes in shares or gilts is going to need capital.

Capital has also been necessary to equip with modern American-style dealing rooms. The dealing room at Barclays de Zeeuw & Bevan (a combination of Barclays Bank, stockbroker de Zeeuw and Bevan and jobber World Daudcher) contains 600 desks, each with five screens, and is estimated to have cost at least £20 a square foot.

Groupings of banks, brokers and jobbers are common, although the City's premier stockbroker, Cantor, is remaining resolutely independent with the help of some institutional backing.

For some individuals working in the stock market, the lead-up to the Big Bang has proved less exciting, as it has with a bull market. Traders from the original jobbing firms have been in huge demand from the new conglomerates and from the American and

Japanese houses, keen to set up market making arms.

Top research staff have also become hot property. The only way to tempt fund managers to deal at anything like a profitable commission one will be to offer them top-quality information — and before too many other people have it. Top analysts fetch between \$200,000 and \$300,000 a year plus compensation for their golden handcuffs at their present firm.

Older brokers and jobbers have in many cases been encouraged to take their spoils from the sale of the firm, and retire only.

For the banks, who have spent huge sums of money buying into the stockmarket business to set, in many cases, "a grand old walk-out the door," it is a culture shock. Banks are risk-averse, and they are now "risk-shy" in a high-risk game.

The sticking together of various financial functions into one conglomerate raises the question of regulation. Banking and jobbing were traditionally separated for a very good reason: if a broker was allowed to buy shares for his own account, would he not be tempted, if he found himself with millions of falling Sprockets PLC to sell them all off to his clients?

Now that is exactly the situation. The Richard Pridmore Barclays de Zeeuw & Bevan believes no many clients would be lost that "these many times will you be able to do that," he adds.

The other major conflict of interest is between corporate finance and the banking and market-making arms. Clearly price-sensitive information must not be allowed to leak out. Again, keeping professional credibility is cited as the most compelling regulator of all. Time will tell.

The main is telling, however, where divisions of the same conglomerate wind up on different sides of the counter.

Recently broker Rowe & Pimman found its client Woolworth being bid by Diageo, whose adviser was S.G. Warburg. Warburg's in-

vestment houses, meanwhile, owned a critical 15 percent of the Woolworth stock. Because both Warburg and Rowe & Pimman are part of the Mercury grouping, there was something amiss at times.

Nevertheless, the Stock Exchange has held out against formal regulation and has set up a Securities and Investments Board as an umbrella organization for a number of self-regulatory bodies.

Despite earlier worries, the Stock Exchange seems to be holding its own and has even merged with ISRO, the International Securities Regulatory Organization, set up in October 1985 by a number of international investment houses to help regulate the Eurodollar market.

There are two other main groups who stand to be affected by the Big Bang. One is the users of the market, the fund managers and the private investors. The other group is the companies who depend on the financial markets for their life blood — money.

The theory of life after the Big Bang is that fund managers will be able to deal directly with market-makers. In practice, it is unlikely that they will. Most will continue to deal with the advisers they know and have built relationships with.

What will change are the commission rates. Initially, competition to attract or keep a large slice of the action from the big players like the Prudential, Legal & General will be such that a price war is inevitable. Eventually, things will steady and the institutions (who account for 70 percent of the business) will gravitate towards those who give them the best all-round service, which is why good research analysts are so vital to survival.

For public, however, will not have enough individual clout to demand that his commission must come down. And, apart from a few rare cases, commissions will either stay the same, or edge up slightly.

However, in the sense that the big institutions are handling the pub-

lic's money, there will be some lifeblood.

As for companies, conventional wisdom is that big is beautiful. In the past, the jobbers have tended to deal in various sectors. World has been big in oil and beverages, Smith Brothers was the biggest player in electronics, and so on. If a public dealer in a sector, he generally deals in every company in the sector.

After the Big Bang, companies are to be divided into three major categories which depend on size rather than sector. Thus there will be around 60 Alpha stocks with the largest market capitalizations. Trades in these shares will become public on the screen five minutes afterwards, something that is causing great anguish among traditional jobbers. Then there will be 250 or so Beta companies of midsize, followed by Gamma and Delta — the minnows. A number of jobs have already given up dealing in the smaller stocks of the United Securities Market. With the very small companies it seems likely that only the sponsoring bankers will deal in them, and then often only on a "matched bargain" basis.

Thus said, the medium-sized companies could do very well, because fund managers will need to deal in something other than Alpha stocks, if they are to outperform the index and please their bosses. So we can expect to see more attention paid to these growing companies, which already are the subject of considerable attention from the American banks, keen to woo them as corporate clients with offers of finance.

It also seems likely that smaller brokers will develop niche interests where they can become specialists.

The changeover is bound to be traumatic. Doubtless there will be casualties. Only one thing is sure: people will continue to buy and sell shares and bonds in London at a profit or a loss.

— Judy Bevan
Deputy City Editor
Sunday Times

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As the only U.S. broker to buy a U.K. broker, L. Messel & Co., for Big Bang, we will offer our combined clients these professional services.

In Gilts, Messel Gilts Limited, our primary dealer, offers continuity. They will build on the same sales and research teams as pre-Big Bang. They further offer consistency in prices from a team of traders who draw on Shearson Lehman's Government trading experience. They will be working with the confidence of a back office that will be equipped with systems technology to handle major increases in volume while preserving our full range of agency services.

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ADVERTISING SECTION

ADVERTISING SECTION

Technology to Meet Market Demands

The echoes of the Big Bang will continue to reverberate long after Oct. 27, when stock exchange commissions in London are abolished, the separation between brokers and jobs is done away with and screen-based quotations are introduced.

London's new banker-broker conglomerates will be pouring funds for years into dealing, settle-

ment and support systems that enable them to handle increased volumes at the highest speed and at the lowest cost.

Initial priority for the conglomerates, who have absorbed almost every leading stockbroker and jobber in the City (with the exception of the blue-blooded firm of Hambro), has been to create new dealing rooms befitting with "leading

edge" technology as a typical cost of £5 million apiece. Teams several hundred strong of highly paid dealers in government bonds of the Big Bang has been the introduction of the Stock Exchange Automated Quotations (SEAQ) system. SEAQ International already provides price information for trading in 600 internationally quoted equities; after Big Bang, SEAQ will show a complete list of all market-makers in any U.K. security, together with the buying and selling prices they are quoting and the volume for which that price holds.

Conventional Coopers & Lybrand found in a pre-Big Bang survey that back-office settlement and corporate control systems lag behind the expensive information handling and deal recording systems that have been installed. The big spend on back-office computerisation and on decision support systems has yet to come. One worry is that if trading volumes increase dramatically in the first few months after Oct. 27, settlement procedures may not be up to handling the business.

And such has been the rush to have front-end systems up and running that many securities houses have installed packages that they admit will have to be replaced within three years.

Information is the life-blood of the dealing room, and feeding information to dealers has absorbed most of the pre-Big Bang expenditure on technology. Receiving price quotations via SEAQ is only the beginning. Dealers need to be in touch with other price services (such as Reuters, Telecash and Quotron) to keep up-to-date on economic and political news as it happens and to have instant access to economic indicators. In all, some 200 information services are available in London.

Systems to handle these torrents of information effectively make up the biggest single item of dealing room expenditure. Dealing room managers don't want batteries of terminals on their dealers' desks; they want their dealers to gain access to information from a variety of sources through a single terminal, with as few display screens as possible.

Dealers on their part, want to integrate data received from outside with data held "in house," and then to message this data so that it appears in a form that they can use to the best advantage.

So-called "terminals" must either be "intelligent" or at least provide access to an intelligent in-house controlling terminal — which has meant major changes in the way that information is provided. The electronic information system has been built on delivering informa-

tion in video form. With a video system, a controller installed by the information provider on the broker's premises pre-formats the page displays to dealers, where they are called up via a "dumb" terminal. A system of switches allows dealers to select for display pages from any of the services that are being piped in.

Video switches are a relatively inexpensive method of delivering information, but they don't allow data to be mixed and matched at dealers' desks. In one of the few instances of user-led computer development, suppliers have been racing to develop digital switches for London's new dealing rooms. Digital switches take "raw" data from every source, internal and external, and manipulate it on demand to provide composite pages or streams of information to a dealer's screen.

Piping information to City dealing rooms has brought business to £3.5-billion a year such as Central Securities (through its Micrograph subsidiary) and Data Logic. Even the information-providers themselves have moved into the switching business: Reuters, for instance, supplies the market through Rich, in Chicago's subsidiary.

Once a dealer has obtained the necessary information he is in a position to do business with its opposite numbers. Here advances in technology are less dramatic. Business is still done over telephones, although British Telecom's base-station City Business System with its touch-screen technology is a far cry from the bell and lamp of the traditional exchange desk.

Telephone systems in today's City dealing rooms will hold up to 200 numbers in memory, all of which can be accessed at the touch of a button, while the dealer is permanently connected on open lines to other dealing rooms. Conversations inevitably are recorded on tape, so that in case of subsequent dispute there can be no doubt as to what was agreed between the parties.

The big breakthrough to electronic trading — as opposed to information handling — has yet to come. One of the most surprising features of the Big Bang is that the London Stock Exchange has taken the opportunity to change for the first time in a few decades the trading floor. The Exchange plans to recap its investment of £5 million on improving floor facilities from firms that believe small dealers will be handled by traditional techniques.

But plans to introduce a computerized automatic system next year for transacting small orders must wait while away at the role of the main floor system, initially some "alpha" stocks will be traded automatically with computers matching buying and selling orders; this still leaves 500 "beta" stocks



The Old Bailey and the National Westminster Bank building.

and several thousand "gamma" grades to be traded between dealers on the floor.

It's little use having information flowing into dealers' work stations at high speed if the data is not recorded with comparable speed and accuracy, so that positions can be kept up-to-date and monitored. Here is another area where the Big Bang has accelerated technological change.

Traditionally, deal tickets have been produced manually. It seemed an obvious step in the first wave of dealing room automation to ask dealers to enter transactions on keyboards, the more common device for gaining access to a computer system. But dealers proved reluctant to keyboard entry, which they said was tedious and time-consuming. As a result, the graphics tablet — first developed for Ciba's London foreign exchange dealing room — has been widely introduced. The dealer works with an electronic pencil as a series of squares on a computerized grid to record each deal of his transaction. The computer industry, in turn, has been working on voice entry.

With the concentration on the dealer's desk, settlement systems have lagged behind. The Stock Ex-

change itself runs a sophisticated system, Talisman, which clears and settles transactions between lenders. What has not yet been caught up with the City's electronic revolution are brokers' procedures for settling with their clients.

The trouble has been compounded by the withdrawal from the market of Centric-Fin, the National Westminster Bank subsidiary which previously provided a computerized "bureau" service to many Stock Exchange firms. Although some firms have attempted to set up their own settlement procedures, many have had to look to other outside service providers.

This in turn has meant a rush of business for two specialist firms, CCF and NABW, which will either provide packages for running on clients' in-house computers or run settlement procedures through a bureau service. In the final run up to the Big Bang, even Quilter Goodson, the family firm of Stock Exchange chairman Sir Nicholas Goodson (now owned by French bank Paribas), had to jettison plans for building its own settlement system, and turn to CCF.

A major decision that every banker/broker has had to make is whether to buy an existing package or build a tailor-made system for

the new electronic market. There have been numerous disasters. Major beneficiaries from the City's multi-million-pound investment in dealing rooms have been the suppliers of non-stop, fault-tolerant computers — Tandem from California and Spinnaker from Manchester, as well as a handful of software houses from both the U.K. and U.S.

A success story in the lead-up to the Big Bang has been Calt (Continuous On-Line Trading). A consortium of brokerage houses composed of Barclays de Zoete Wedd, James Capel, Cazenove, Kilmartin Greaves and National Westminster Investment Bank joined forces a year ago to pool their expertise and create a "core" market-making system. This runs on Spinnaker computers and uses American software which has been adapted by Software Sciences, the Thorn EMI subsidiary, to City operation.

But the group of bankers/brokers that put together the Doris (Dealers On-Line Real Time Information System) consortium to construct, with the aid of software house CAP, an information-switching system, found that there just wasn't time to get up and running by the Big Bang; the participants have now had to settle for packages that already were on the market.

The next wave of investment will be in "expert systems." Expert systems use "artificial intelligence" computer programs to replace or supplement the wisdom of an experienced individual. Data Logic, for instance, offers one application which allows the chief clerk to spot trends that will lead to undesirable positions. Another Data Logic system predicts movements in markets by assigning weightings to forecasts from a variety of conventional sources — economics, dealers using intuition, external information sources and so on. By comparing past records of forecasts and outcomes, the word of present forecasts can be assessed.

Hadis, a small British software house, has developed a system to enable dealers to spot arbitrage opportunities. In a busy dealing room, where data is pouring in every second, an expert system can provide information about information faster than a human can absorb it.

Investment in these dealer support systems has another, long-term goal. Much attention has been centered on the high salaries that dealers have been able to command in the massive restructuring of London's securities market. Blinded by the urgency of the Big Bang into providing "golden hellos" and "silver handshakes," City firms are now increasing the resources they spend on expert systems. The aim is to ensure that if the yuppie walks out the door at the first notice, they don't take all the firm's expertise with them.

—David Jones
Technology Correspondent
Sailing World



ON BUSINESS IN EGYPT..

COME TO SHERATON.

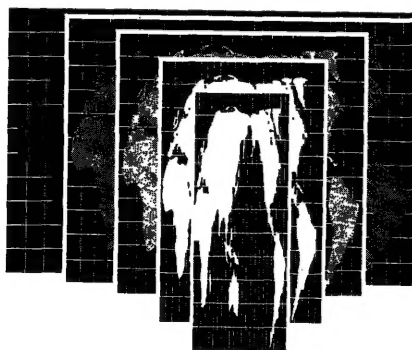
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Tokyo

When the Big Bang brings a new era to the City of London, Japanese banks will be cast in a curious dual role: part spectator and part casualty in the creation of the new environment.

The scale of Japanese involvement in the City is the subject of intense speculation from both detractors and the Americans have been partly responsible for the need of the Tokyo. They do not see securities trading as a challenge to the foreign challenges caused by the liberalization. As a countermeasure to the Securities Regulatory Organization (SRO), the Japanese have made their share of contributions in shaping the post-Oct. 27 City.

But for the banks, it is also a case of things to come in Tokyo, where banking regulations have not been introduced. Article 65, still prevents a City bank from dealing in securities. All of the leading Japanese banks represented in the City have set up subsidiaries to deal in securities in order not to contravene Ministry of Finance regulations.

No one doubts that change will come to Tokyo, but in this, as in most other similar changes, the Japanese government will move only when it sees fit. At the moment, liberalization of the financial world has been moving at a rate

the same thing here in London," he said.

Yet Oct. 27 had to be regarded with caution. Although several longer-term trends emerging from deregulation which would be of importance to international investors, both institutions and private. "The most important thing will be that because commissions will be coming down in London, trading in what you might call international stocks is bound to be concentrated to an even greater extent in London, New York and Tokyo," he said. "It will be more concentrated for an international investor to deal in a major stock — say Monoclonal — in London than in Milan. One would imagine that the liquidity of the market makers will be less because a lot of dealers will take place in London. For the liquidity of institutional investors, change in commission will become all-important."

Added to this, Mr. McDonald said he believed that the share-dealing

contents of the new Financial Services Bill and its implications before they plunge into extensive dealings in stocks. Typically cautious and conservative, at present most of them see only limited opportunities and interest in British-based stocks.

Among those likely to benefit most from the Big Bang is Nomura Securities, which became the first Japanese member of the London Stock Exchange last spring. Nomura is far and away the biggest of the major Japanese securities firms, with Daiwa, Yamazaki and Nikko also major players.

On a world scale, Nomura and Daiwa would rank seventh and eighth in terms of profits. Nomura's profits were US \$98 million last year, and Daiwa's US \$33 million, smaller than Salomon Brothers at US \$257 million but well ahead of Morgan Stanley at US \$224 million. These profits have been partly protected by the retention of fixed commissions in the Tokyo market.

Nomura is typically leading a rapid expansion of staff ready to take advantage of the Big Bang. It opened its London Office 21 years ago and now has 388 employees, of whom 36 are Japanese expatriates. Of the others who have joined the London branch, Sir Douglas Warr, as co-chairman, is by far the most illustrious.

The firm hired 32 foreign graduates worldwide over the last year, of whom 10 came from Oxford, Cambridge and other leading British universities. Its need for an increased staff is clearly illustrated by the firm's rapid rise up the underlying charts.

Ever since 1983, the Big Bang have been bidding aggressively to underwrite Eurobond issues and rapidly build up their market share. Their capital for Japanese firms, selling Japanese equities and bonds to foreign investors, and selling bonds to Japanese investors. These activities have been bolstered by enormous amounts of money available at home. Last year they ended with US \$5.5 billion worth of foreign bonds, and this year that total could easily be exceeded, with Tokyo more than ever swash with loose cash looking for a home.

Since the decision by the Ministry of Finance in late 1984 to allow issuing of yen bonds in Europe, Japanese lenders have dominated the market. Last year the Japanese took 55.6 percent of a market of over US \$7 billion.

And the ever-increasing competition and visibility of the Japanese banks and securities houses in the London market is likely to lead to two primary results: increased pressure for liberalization in Japan so that British-based firms have greater access to the Tokyo market and, more explicitly, demands for the abolition of Article 65, both from securities houses and banks in London and Tokyo and from Japanese lenders looking for more competitive choices in their financial sources.

doing business are going to change."

Would the Big Bang speed the creation of shareholding dynasties around the world? "Not in itself," Mr. McDonald said. "There are other things that are causing this to happen, particularly the general move towards returning assets to the private sector. That is a hand-wagon. The fact that moderns are more efficient and, moreover, that you can deal 24 hours a day, will also help the trend towards privatization."

Occupation would primarily benefit the large investor, but at the same time, Mr. McDonald said, it was quite exciting that many more players were seeing the private client business as being interesting. Deregulation was helping to create greater market awareness for the private investor, but his last observation was a bit interesting. Deregulation was helping to create greater market awareness for the private investor, but his last observation was a bit interesting.

John Lane

PROFILE

N.M. Rothschild & Sons

The cost of raising money is going to come down as a result of the Big Bang. That is the view of Nicholas McDonald, managing director of N.M. Rothschild & Sons, the merchant bank founded in 1804 by the Rothschild family. "There will be a period for some time," McDonald said, "where we will still be under about what's going to be the actual result, and how much in commissions we are going to have to pay as investors."

But McDonald saw some room for optimism in the May Day Big Bang on Wall Street in 1975, when fixed commissions were abolished. There has been an increase in the volume of volume. "You could have

the same thing here in London," he said.

Yet Oct. 27 had to be regarded with caution. Although several longer-term trends emerging from deregulation which would be of importance to international investors, both institutions and private. "The most important thing will be that because commissions will be coming down in London, trading in what you might call international stocks is bound to be concentrated to an even greater extent in London, New York and Tokyo," he said. "It will be more concentrated for an international investor to deal in a major stock — say Monoclonal — in London than in Milan. One would imagine that the liquidity of the market makers will be less because a lot of dealers will take place in London. For the liquidity of institutional investors, change in commission will become all-important."

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John Lane

ADVERTISING SECTION

Recruitment Picture: Despite Cushy Jobs, Real Talent in Short Supply



The pace quickens outside London's Stock Exchange as the City prepares for the Big Bang.

At Cannon Spence Club (membership \$200 a year), the City's elite is sweating out the clock by pumping iron on the square court. For ladies, tennis is all the rage. In the changing rooms and juice bar, the talk turns quickly to "poaching," "golden hellos" and "cushy jobs" created by the Big Bang.

Yet for the professional intermediaries in the job market, and the end users themselves (banks and brokers) the reality is rather different. To them, the mobility of labor and the spectacular remuneration packages will find their rationale in the profits young talent will engender. The biggest worry is feelings that the new experts will be put to the test if the much-heralded bear market develops.

Said a 30-year-old member of the stock exchange, now in a firm majority-owned by a foreign bank, "As far as I'm concerned, there has been very little benefit from our takeover. It's the market-making side—dealing and traded options—where the big money has been paid. Initially also a lot of dead wood was cleared out in the highest echelons of the partnership."

Nigel Halley, managing director of Michael Page City, is running a firm which specializes in finding people for the U.K.'s financial center—principally the City, but also the insurance sector. He said: "If you look around,

you'll find major City institutions taking really different views. Some think the people movement will slow down after the Big Bang; others, that it will increase."

For Halley, that puts the premium on research. Michael Page City will have ready soon a unique database on salary movements and business resources based on interviews in the City. Halley makes it his job to provide information as well as people to the users of his service. For a highly cautious analyst of the City and its manpower needs, Halley is prepared to make few generalizations, but he believes the trend is increasingly for "salesmen to do their own research, or for researchers to do their own selling."

The climate induced by the Big Bang does not encourage the status quo.

Halley also sees a continuing bright future for top performance. "If the scene continues to produce performance which adds to a high level of profitability for the institution's performance as a whole, then institutions will continue to pay high levels of reward," he says. "Real talent and ability is in short supply."

A necessarily sanguine view of the people market comes from the managing director of N.M. Rothschild & Son, Nicholas McDonald. "I think remuneration will have to find its own level," he said. "People were perhaps more loyal than they are now, but there is nothing unfair about high levels of salary. You have to pay what the market says."

He was also equivocal on mergers and acquisitions, finding no evidence that the Big Bang would impact either positively or negatively on the merger and acquisition activity level. More intermediaries of different backgrounds would, however, grow into the market.

Investment institutions such as Legal & General needed to find answers to a number of questions posed by the Big Bang. The most obvious of these relates to commission levels to what extent should the specialist dealer dealing costs be borne by the investor or the issuer?

Other more mundane considerations concerned the extent to which their technology was capable of taking full advantage of the new market dealing and information systems. Again, how were they to protect themselves against possible conflicts of interest among market-makers? Finally, the quality of research provided on the companies they were to be bought or sold by brokers was maintained, or would the institutions need to strengthen their own in-house first line research capacity?

—John Lane

At another specialist recruitment company, Jonathan Wynn International's consultant Christopher Evans and Peter Meyer-Horn work in London, but they are advising the needs of Paris/Monaco and Brussels/West Germany, respectively.

For Evans, Paris to some extent follows where London leads, particularly in the capital markets area. "On the investment banking side," he said, "there is considerable interest in finding experienced portfolio managers and

experts in private banking, both in Paris and Monaco. Opportunities also exist for the graduates of top business schools who can often move quite quickly into responsible positions, any international debt swaps. In Paris what is disappearing faster is the demand for the American."

Will London provide more fodder for the financial markets of Europe? Here the answer appears to be — not to any significant degree. In some specializations, such as floating-rate notes, where the market concentrates in Europe, a City high-flier may make a happy landing in France, but the premium appears to be on finding local people and in exploiting the local currency market. This is especially true in the U.K.'s Channel Islands, where housing over-loads are high for non-residents.

To Meyer-Horn, the European comes, particularly those in West Germany, the Benelux countries and more recently the Netherlands are becoming more closely related due to the deregulation of financial markets. "There is a lot of mobility between these countries," he says. "For the Englishman with no other language, opportunities only lie in a few areas such as dealing and bond trading, where the basic language is English."

But Meyer-Horn also notes that, in West Germany, interest in international banking is increasing, being taken by Japanese and American banks, to the detriment of some German banks' ability to keep good people.

PROFILE

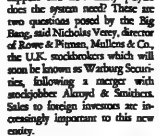
How many players can the system support and how many players does the system need? These are two questions posed by the Big Bang, said Nicholas Vee, director of Rowe & Pitman, Mullens & Co., the U.K. stockbroker which will soon be known as Warburg Securities, following a merger with stockbroker Almyrd & Smithers. Sales to foreign investors are increasingly important to this new entity.

Vee picks out the internationalist at the head of the Big Bang's charge as having critical significance. "The Big Bang has come about as much as anything from international pressure," he said. "Most people who wanted to be major players in the securities market discovered that they needed to be well-represented in the three major currencies — London, New York and Tokyo."

Vee sees this as the reason why American banks are building up their presence in London, while he is looking to build up a foothold in the United States and Japan, having been the first U.K. house in all three.

In this power game, the ace is in the hands of the U.S. invaders who, as Vee says, he names Salomon Brothers, Merrill Lynch, Goldman Sachs and Shearman-Latham. "We very much hope," he said, "that there will be a few U.K. securities houses in there, and that

Rowe & Pitman, Mullens & Co.



Nicholas Vee.

Mercury International [of which Warburg Securities is part] will be one of them."

Vee is not convinced that a changing bank makes the ideal partner for an investment bank. He would hope that there will always be room for a good niche player, since Vee is wary of those institutions which purport to be "all things to all men."

He said he hoped, also, that it would lead to a better understanding in the U.K. of the share acquisition habit. "If I take a taxi ride in New York and explain to the cabbie that I'm a stockbroker, the first question will be 'what stocks have you got?' In London you're likely to get a blank look." And does he fear the return of foreign exchange controls, abolished in the U.K. by the ruling Conservative government in 1979? "Give a thought to the practicalities," Vee said. "It took something like 700 people in the Bank of England to administer this system in the past."

Legal & General



Peter Simon.

The big investors, particularly the large U.K. insurance companies, are among the most capable about the impact of the Big Bang. "For users, it will be a buyers' market," said Peter Simon, head of investment at Legal & General. "And that's just as true for the European looking into the U.K. as for here at home."

Simon, who emphasizes that his views are personal, not necessarily reflecting those of his institution, sees the Big Bang and its implications as "a revolution in our City markets," adding that it is the source of revolutions that their management cannot be entirely predictable.

Yet looking at the changes with the overseas investor in mind, Simon is sure that by 1990, bearing a major political upheaval, the individual players will be different, their number will have been cut, and there will be a greater domination by the big overseas states. The "buyer's market," which is to be the characteristic of the market after Oct. 27, may well have disappeared.

Simon also sees some dangers in the arrival of a global market. "I wouldn't bet much on shareholder loyalty from overseas investors," he said. "The predicted global market for, say, the top 50 companies will be a mixed blessing — less loyalty and faith is to be expected. Quoted companies not in the global framework ought not to feel inferior or depressed. Contemplating the changes in one's share price 24 hours a day is an unenviable society."

In capital-raising, Simon considers that the arrival of overseas banks, together with the development of most U.K. all-rounders, has already dramatically increased the number of players advising and implementing new equity and loan issues. "Brokers and other lenders are keen to join the party," he said. "This will lead to greater competitive pressures, which, coupled with continuing changes in the rules of the new issues game, will lead to greater product differentiation and questioning of long-established U.K. procedures."

On equity issues Simon said that inevitably the overseas entrants to the market will push for the equity capital-raising methods with which they are familiar, partly from a desire to "do what comes naturally" and partly as an important part of their strategy of breaking into the U.K. market.

Turning to the question of how



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Spirit of Renewal Hits the Docklands

Docklands is being regenerated as a working community, as well as a base for residence and leisure. Office developments are flourishing at an unprecedented scale, capped by the planned Canary Wharf scheme.

Swire is the joint agent for this, is also handling Free Trade Wharf, more typical of the mixed retail/office/industrial projects in the area. On completion, it will secure seven shops at ground floor level on either side of a central axis. They will be chosen to provide maximum amenities to the estimated 1,500 residents and office workers in the 350 apartments and seven office suites targeted for next year.

Said Nick Bayliss, a partner in Swire's City office: "This is an interesting example of military surplus space which is available to service the new developments. The rentals are likely to be around £7,000 yearly exclusive of the retail units, and from 15 pence per square foot for the office units."

About the same rental rates are expected for Sellside Developments' newly opened refurbishment of Liberty Wharf, a warehouse at the end of the Dock.

The premises have been converted into 11,500 square feet of office, and four floors facing the dock. The commercial suites contain high standards of modern office requirements while retaining the original charm, with features like exposed beams and timber pillars. It is arranged around an attractive central winter garden. The sale

agent for the refurbishment is Conway Reiff.

In the Docklands Enterprise Zone itself, Grant & Parnham has an impressive commercial site: South Quay Plaza with 100,000 square feet, ready next March, and 40,000 square feet ready a year later; Heron House, with ground floor under offer and upper floors available and ready in 1988; Great Eastern House, with 75,000 square feet for 1988; and Great Eastern Enterprise, with three separate office buildings. Grant also lists the City Dock Group: small business units of approximately 1,000 to 12,000 square feet, with tax allowances available to purchasers.

Arguably, the most interesting commercial industrial project in the area is the City Dock Centre, a new office building, which the international agent, Henry Barcher, is handling on behalf of the London Docklands Corporation.

The sites are being offered at realistic prices on 200-year ground leases at nil rent without review, and are based on a total of £150,000 per acre. Already, 20 of the total 44 acres have been sold or reserved.

Leases are available from just over a third of an acre upwards, and reservations and sales have been taken from mixed units, ranging from prime finishing companies to major construction firms, including speculative units by developers.

The total development floor space will amount to 800,000 square feet.

—Alan Stashell



Early morning on Throgmorton Street, in the heart of the City.

New York

The phrase Big Bang, once used only by scientists speculating on the origins of the planet Earth, has now come to mean something quite different in the financial world of the City of London. Nor can it be dismissed as mere hype, for on Oct. 27, the U.K. securities industry will be united, and permanently, in one market.

The changes will not be restricted to those plain-striped changes in bowler hats who will figure in every cartoon image of the British. The changes are much more fundamental, and will affect the way in which the British government funds itself, as well as the shape of the global market in financial securities, which is already changing.

In short, Big Bang is City jargon for the abolition of fixed commission charges on trading in shares and government bonds on the London Stock Exchange. This is a somewhat drastic move, perhaps, since the U.S. market took the same step 11 years ago, on the famous May Day of 1975.

When this change was first effectively agreed upon in London, in June 1984, it was quickly realized that the move meant a radical change in the way the market had developed in Britain. It spelled the end of the U.K. single-capacity market system, under which members of the Exchange could either be market-makers (jobbers, in local parlance), or brokers, acting solely on behalf of clients who were either private investors or investment institutions of one kind or another.

Both jobbers and brokers saw their survival would be difficult when commissions were opened to competition, and wanted freedom to expand into each other's territory. So, after Big Bang, London will embrace "deal capacity" with its change members acting both as market-makers and brokers, as securities firms in the U.S. have always done.

The effective scrapping of fixed commission rates and single capacity threw the entire market system

into the melting pot. To make matters worse, London brokers needed heavy capital infusions. So the Exchange agreed to accept corporations, rather than individuals, as members.

Because of its significance in the three-continent global market now developing—with New York and Tokyo providing the other two pivot points—the planned changes in London have drawn in the international players. U.S. heavy hitters like Chase Manhattan and Citicorp, Security Pacific and American Express, via its Shearson Lehman Bros. arm, have hastened to buy firms operating in the London market. From Europe, Union Bank of Switzerland, Paribas and Cofide Suisse have taken similar action. The Japanese houses, while generally more cautious, have strengthened their positions in London.

The initial result of all this activity has been highly revealing for the traditional London market. Foreign institutions, anxious not to be left behind in the rush, paid handsomely for existing businesses, thus enriching the former partners who were then often locked in easy and slow the new owners how it all worked. They also paid widely above existing salaries to capture the real, or hidden, expertise. The term "golden hand-cuffs" was coined to identify the huge premiums paid to persuade employees to remain loyal. House prices rocketed in London, and indeed, for many miles around, as the golden gravy train rolled through the City.

But even the optimists know that there will be strains beneath the smiles. In the gilt-edged, or government-bond sector, which the Bank of England, traditionally controlled by dealing with the two or three major jobbers involved, there will now be 27 hopeful new market-makers.

Can these 27 live comfortably off business that once supported only three—especially since trading commissions have become highly competitive? Probably not. Already, there has been a wild scramble for position, with one major U.S. bidder said to have lost

\$10 to \$20 million in the gilt-edged market. Lanes of that order can be collected by the big battalions, determined to carve out a position in the London market for U.K. and foreign governments. But those with smaller pockets are likely to go to the wall.

Nor will the new-style equity market be without its hazards. The London Exchange has chosen to take the route of economic reporting of market trading information already in place in the U.S. The experience of American markets has shown, chiefly in the NASDAQ over-the-counter market on which the new London reporting system is based, that economic reporting can bring spectacular growth in trading levels.

London is dividing its quoted stocks into three groups—Alpha, Beta and Gamma. Alpha stocks (those of the largest companies, or the most actively traded), are likely to command the attention of the new giant trading firms. Alpha stocks will compete with the best of the U.S. markets, with each week reported in terms of price and bargain size within five minutes. Market-makers will be required to adjust their quotations equally quickly.

But Alpha stocks comprise only 60 or so of the 3,000 stocks quoted. Reporting of trading in the Beta and Gamma stocks will lag a very long way behind the experience of U.S. investors.

All stock trades have to be reported to the Stock Exchange Automatic Quotations system, which then shows them on television screens in subscriber offices. But Beta and Gamma trades will be reported only in terms of price. The all-important turnover details, usually the most significant guide to speculative or investment interest, will not be reported in these stocks until the following day.

John Tognio, chairman of the U.S. National Securities Traders Association, and Donald Wootton, a pioneer in U.S.-negotiated commission markets, have already urged the International Securities Traders Association to press for wider turnover disclosure in London. It is hard to see how the 2,400 or so Beta and Gamma stocks can attract significant non-U.K. interest unless more trading information is disclosed.

Wherever may be the outcome of Big Bang, it is hard to fault the air of excitement and innovation now sweeping through the City of London. For the first time in many years, London is recapturing the spirit of entrepreneurial risk-taking which once made the City the envy of the financial world. The next decade will show whether the British will have their old fire for finding the money to move mountains.

—Maggie Peters

Dewe Rogerson

The Big Bang has underlined the importance of communications and getting the right message across to both the institutional and private investor. At 394 London Wall Buildings is the dingiest of the Bang, Dewe Rogerson, the largest U.K. agency focusing on financial, corporate and business communications.

Inviting Roddy Dewe or Tony Cudde to a boardroom is likely to result in rapid changes in marketing strategy. They are not interested in sanitising press releases from a first-floor office. They have made communications into a boardroom function for most of the big names they are advising. Said Cudde: "The Big Bang is a reflection of the consequences of internationalization of equity markets. It has prompted us to gain presence in the three major international capital markets. Last year we opened in New York. Now

we've got to get into Japan to complete the triangle."

So what has changed, other than the apparent willingness of major institutions and banks to upgrade their public affairs departments? Said Cudde: "For many institutions, the big difference is that communications can no longer be done by one-to-one relationships. There is a wider private and institutional public to talk to, as shown by the recent takeover battles."

Cudde sees a bright future for the unit trust industry in the U.K. as a consequence of the Big Bang. "I see considerable expansion," he said, "and out of it will come, in the mind of the public, the appreciation that there is something better than can be done with money."

Dewe also sees the Big Bang as having changed the face of the City by shattering all the old assumptions about relationships. "There are going to be opportunities to



Roddy Dewe.

open up the one-off market to broader money raising," he said. "A lot of people are coming in, but they will be new people." Dewe forecasts that the process of the shareholding public will also change. "Before the British Telecom issue," he said, "the average age of an investor was 65. Today, it has dropped, and the Big Bang will make it fall even further."

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- *Deposits (sterling and other currencies)
- *Loans (sterling and other currencies)
- *Executor and Trustee
- *Personal Income Tax
- *Portfolio Investment Management
- *Company Management

Offshore Gift and International Bond Funds

- *Offshore Managed Portfolio

Members of
Midland Bank Group

INDIAN BANK GROUP

..... Ann. 4-2-1 Midland Bank Trust Corporation in

For more details of Midland Bank Trust Corporation in
 Jersey ☐ Guernsey ☐ (tick appropriate box)

THE
 SECTION

Our most secure printed documents are available on request. **BIT 27/10**

1000

Extrusion Yields

	Oct. 22	Oct. 5
U.S. & Int'l Inst., 5 yrs & over	6.48	8.42
Public Instans., 5 yrs & over	6.32	8.58
Industrials, 5 yrs & over	6.40	8.68
Industrials, 5 to 7 yrs	6.32	8.84
Financial services, 5 to 7 yrs	11.82	11.10
French France, less than 5 yrs	6.52	8.58
ECU, 5 yrs & over	8.86	8.57
5 to 7 yrs	8.85	8.40
Can., 5 to 7 yrs	10.34	10.75
Avg., 5 to 7 yrs	14.39	13.86
U.S. & less than 5 yrs	16.71	16.54
Yen, 5 yrs & over	4.34	4.17

Weekly Sales Oct. 26

Primary Market				
	Cadet		Barracuda	
	\$	Units	\$	Units
Straights	295.50	407.30	1,426.50	823.00
Convert.	—	—	3.60	9.00
PFRs	18.00	—	400.00	2.00
ECP	571.50	73.20	2,025.60	30.00
Total	983.50	480.50	4,855.10	877.00

Secondary Market				
	Cadet		Barracuda	
	\$	Units	\$	Units
Straights	7,086.30	6,438.30	11,661.50	5,495.90
Convert.	398.00	77.80	850.70	45.20
PFRs	1,091.90	1,079.90	7,817.50	2,403.40
ECP	1,428.90	75.40	8,090.50	23.40

Libor Rates Oct. 24

	1-month	3-month	6-month
U.S. \$	4	4	4½
Deutsche mark	4½	4½	4 11/16
Pound sterling	11 5/16	11 7/16	11 7/16
French franc	8	8½	8½
ECU	7 9/16	7½	7 9/16
Yen	4 15/16	5½	5

Source: *Merrill Lynch, Pierce, Fenner & Smith Inc.*

#	Company Name	7/27/97	7/28/97	7/29/97	7/30/97	7/31/97	8/1/97	8/2/97	8/3/97	8/4/97	8/5/97	8/6/97	8/7/97	8/8/97	8/9/97	8/10/97	8/11/97	8/12/97	8/13/97	8/14/97	8/15/97	8/16/97	8/17/97	8/18/97	8/19/97	8/20/97	8/21/97	8/22/97	8/23/97	8/24/97	8/25/97	8/26/97	8/27/97	8/28/97	8/29/97	8/30/97	8/31/97	9/1/97	9/2/97	9/3/97	9/4/97	9/5/97	9/6/97	9/7/97	9/8/97	9/9/97	9/10/97	9/11/97	9/12/97	9/13/97	9/14/97	9/15/97	9/16/97	9/17/97	9/18/97	9/19/97	9/20/97	9/21/97	9/22/97	9/23/97	9/24/97	9/25/97	9/26/97	9/27/97	9/28/97	9/29/97	9/30/97	10/1/97	10/2/97	10/3/97	10/4/97	10/5/97	10/6/97	10/7/97	10/8/97	10/9/97	10/10/97	10/11/97	10/12/97	10/13/97	10/14/97	10/15/97	10/16/97	10/17/97	10/18/97	10/19/97	10/20/97	10/21/97	10/22/97	10/23/97	10/24/97	10/25/97	10/26/97	10/27/97	10/28/97	10/29/97	10/30/97	10/31/97	11/1/97	11/2/97	11/3/97	11/4/97	11/5/97	11/6/97	11/7/97	11/8/97	11/9/97	11/10/97	11/11/97	11/12/97	11/13/97	11/14/97	11/15/97	11/16/97	11/17/97	11/18/97	11/19/97	11/20/97	11/21/97	11/22/97	11/23/97	11/24/97	11/25/97	11/26/97	11/27/97	11/28/97	11/29/97	11/30/97	12/1/97	12/2/97	12/3/97	12/4/97	12/5/97	12/6/97	12/7/97	12/8/97	12/9/97	12/10/97	12/11/97	12/12/97	12/13/97	12/14/97	12/15/97	12/16/97	12/17/97	12/18/97	12/19/97	12/20/97	12/21/97	12/22/97	12/23/97	12/24/97	12/25/97	12/26/97	12/27/97	12/28/97	12/29/97	12/30/97	12/31/97
10	Boat Transportation	7/27/97	7/28/97	7/29/97	7/30/97	7/31/97	8/1/97	8/2/97	8/3/97	8/4/97	8/5/97	8/6/97	8/7/97	8/8/97	8/9/97	8/10/97	8/11/97	8/12/97	8/13/97	8/14/97	8/15/97	8/16/97	8/17/97	8/18/97	8/19/97	8/20/97	8/21/97	8/22/97	8/23/97	8/24/97	8/25/97	8/26/97	8/27/97	8/28/97	8/29/97	8/30/97	8/31/97	9/1/97	9/2/97	9/3/97	9/4/97	9/5/97	9/6/97	9/7/97	9/8/97	9/9/97	9/10/97	9/11/97	9/12/97	9/13/97	9/14/97	9/15/97	9/16/97	9/17/97	9/18/97	9/19/97	9/20/97	9/21/97	9/22/97	9/23/97	9/24/97	9/25/97	9/26/97	9/27/97	9/28/97	9/29/97	9/30/97	10/1/97	10/2/97	10/3/97	10/4/97	10/5/97	10/6/97	10/7/97	10/8/97	10/9/97	10/10/97	10/11/97	10/12/97	10/13/97	10/14/97	10/15/97	10/16/97	10/17/97	10/18/97	10/19/97	10/20/97	10/21/97	10/22/97	10/23/97	10/24/97	10/25/97	10/26/97	10/27/97	10/28/97	10/29/97	10/30/97	10/31/97	11/1/97	11/2/97	11/3/97	11/4/97	11/5/97	11/6/97	11/7/97	11/8/97	11/9/97	11/10/97	11/11/97	11/12/97	11/13/97	11/14/97	11/15/97	11/16/97	11/17/97	11/18/97	11/19/97	11/20/97	11/21/97	11/22/97	11/23/97	11/24/97	11/25/97	11/26/97	11/27/97	11/28/97	11/29/97	11/30/97	12/1/97	12/2/97	12/3/97	12/4/97	12/5/97	12/6/97	12/7/97	12/8/97	12/9/97	12/10/97	12/11/97	12/12/97	12/13/97	12/14/97	12/15/97	12/16/97	12/17/97	12/18/97	12/19/97	12/											

abr	250	Denmark	91%	92 Mar	96%	95.32	
abr	250	Spain/Portugal	12	91 Jun	91	11.37	1
abr	250	Spain/Portugal	94%	92 Jan	91	10.68	
abr	250	Spain/Portugal	121%	91 Jun	101%	11.61	
abr	250	Norvic Investment SA	17%	97 Jul	103%	11.34	10.72
abr	250	Norvic Investment SA	18%	98 Mar	97%	11.32	11.32
abr	250	Norvic Investment SA	19%	98 Dec	97%	11.32	
abr	250	Norvic Investment SA	17	91 Oct	101%	11.62	11.62
abr	150	Osaka City	10%	99 Feb	99%	10.69	10.65
abr	150	Osaka City	11%	91 Aug	102%	10.68	

ACU 130	AC Allstate Airways	9 194 Apr	10254	6.88
ACU 135	Acadia New Zealand BN	9 172 Apr	10252	6.87
ACU 136	Acadia	7 173 Jun	10254	6.85
ACU 137	Academy	7 173 May	10254	6.85
ACU 138	Academy Finance	6 172 Jun	10252	6.82
ACU 139	Academy of Science	6 172 Jun	10252	6.82
ACU 140	Academy of Science	7 173 Jun	10254	6.84
ACU 141	Academy of Science	7 173 Jun	10254	6.84
ACU 142	Academy of Science	7 173 Jun	10254	6.84
ACU 143	Academy of Science	7 173 Jun	10254	6.84
ACU 144	Academy of Science	7 173 Jun	10254	6.84
ACU 145	Academy of Science	7 173 Jun	10254	6.84
ACU 146	Academy of Science	7 173 Jun	10254	6.84
ACU 147	Academy of Science	7 173 Jun	10254	6.84
ACU 148	Academy of Science	7 173 Jun	10254	6.84
ACU 149	Academy of Science	7 173 Jun	10254	6.84
ACU 150	Academy of Science	7 173 Jun	10254	6.84

✓ 30000 Allied Co	6/4 '94 Dec	922/5	6.65
✓ 30000 Allied-Signal Int	6/4 '93 Jan	922/5	6.64
✓ 30000 American Express Crel	5/2 '93 May	976/3	6.37
✓ 30000 American Express Cn	5/2 '91 Apr	962/3	6.75
✓ 15000 Asken Devison Bank	1/3 '94 Feb	962/3	6.69
✓ 15000 American North Amer	1/3 '94 Nov	962/3	6.69
✓ 15000 Atlantic Telephone Co	6/4 '90 Apr	984/2	6.22
✓ 41000 Australia	5/2 '91 Jun	984/2	5.33
✓ 15000 Austriside	9/8 '92 Oct	998/2	7.23
✓ 15000 Austriside Ind Dev Co	9/8 '92 Oct	998/2	7.23
✓ 30000 Austria	7 '95 Apr	1046/2	7.27
✓ 40000 Austria	6/4 '94 Sep	998/2	6.69
✓ 20000 Avert Control Corp	6/4 '91 Dec	998/2	6.39

48 Allstate & Lohmeyer	75-11-01	11/01	11/01	75.07
49 American Brass	75-11-01	11/01	11/01	75.07
50 Amway Inc	75-11-01	11/01	11/01	75.07
51 Arctic Slope	75-11-01	11/01	11/01	75.07
52 Australia Control Bank	75-11-01	11/01	11/01	75.07
53 Bell Telephone	75-11-01	11/01	11/01	75.07
54 British Petroleum	75-11-01	11/01	11/01	75.07
55 CMC	75-11-01	11/01	11/01	75.07
56 Cigna Corp	75-11-01	11/01	11/01	75.07
57 Cigna Corp	75-11-01	11/01	11/01	75.07
58 Cigna Corp	75-11-01	11/01	11/01	75.07
59 Cigna Corp	75-11-01	11/01	11/01	75.07
60 Cigna Corp	75-11-01	11/01	11/01	75.07
61 Cigna Corp	75-11-01	11/01	11/01	75.07
62 Cigna Corp	75-11-01	11/01	11/01	75.07
63 Cigna Corp	75-11-01	11/01	11/01	75.07
64 Cigna Corp	75-11-01	11/01	11/01	75.07
65 Cigna Corp	75-11-01	11/01	11/01	75.07
66 Cigna Corp	75-11-01	11/01	11/01	75.07
67 Cigna Corp	75-11-01	11/01	11/01	75.07
68 Cigna Corp	75-11-01	11/01	11/01	75.07
69 Cigna Corp	75-11-01	11/01	11/01	75.07
70 Cigna Corp	75-11-01	11/01	11/01	75.07
71 Cigna Corp	75-11-01	11/01	11/01	75.07
72 Cigna Corp	75-11-01	11/01	11/01	75.07
73 Cigna Corp	75-11-01	11/01	11/01	75.07
74 Cigna Corp	75-11-01	11/01	11/01	75.07
75 Cigna Corp	75-11-01	11/01	11/01	75.07
76 Cigna Corp	75-11-01	11/01	11/01	75.07
77 Cigna Corp	75-11-01	11/01	11/01	75.07
78 Cigna Corp	75-11-01	11/01	11/01	75.07
79 Cigna Corp	75-11-01	11/01	11/01	75.07
80 Cigna Corp	75-11-01	11/01	11/01	75.07
81 Cigna Corp	75-11-01	11/01	11/01	75.07
82 Cigna Corp	75-11-01	11/01	11/01	75.07
83 Cigna Corp	75-11-01	11/01	11/01	75.07
84 Cigna Corp	75-11-01	11/01	11/01	75.07
85 Cigna Corp	75-11-01	11/01	11/01	75.07
86 Cigna Corp	75-11-01	11/01	11/01	75.07
87 Cigna Corp	75-11-01	11/01	11/01	75.07
88 Cigna Corp	75-11-01	11/01	11/01	75.07
89 Cigna Corp	75-11-01	11/01	11/01	75.07
90 Cigna Corp	75-11-01	11/01	11/01	75.07
91 Cigna Corp	75-11-01	11/01	11/01	75.07
92 Cigna Corp	75-11-01	11/01	11/01	75.07
93 Cigna Corp	75-11-01	11/01	11/01	75.07
94 Cigna Corp	75-11-01	11/01	11/01	75.07
95 Cigna Corp	75-11-01	11/01	11/01	75.07
96 Cigna Corp	75-11-01	11/01	11/01	75.07
97 Cigna Corp	75-11-01	11/01	11/01	75.07
98 Cigna Corp	75-11-01	11/01	11/01	75.07
99 Cigna Corp	75-11-01	11/01	11/01	75.07
100 Cigna Corp	75-11-01	11/01	11/01	75.07

[illegible][illegible]

Convertible Bonds

[illegible]

OTC Consolidated trading for week ended Friday, Oct. 23

[illegible][illegible][illegible][illegible]

Det. 34

Maturity	Class			Wk. 10 yield
	Bid	Ask	Yield	
317.88	100	100 3/8	6.34	6.34
315.89	100	100 3/8	6.61	6.60
306.90	99 25/32	99 3/32	6.81	6.80
311.91	98 17/32	98 1/32	6.88	6.86
312.93	99 11/32	99 3/32	7.38	7.31
315.94	99 11/32	99 1/32	7.47	7.53
312.06	112 25/32	112 3/32	8.04	8.18
315.16	94 1/32	94 3/32	7.76	7.84

BID ASK

Bitter Corp.	3½	4
GoodMark Foods	10½	10%
MAG Holdings	4¼	4¾
Mr. Goshet	5¼	5%
Spectrodyne	16½	16%

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CONTINENTAL AMERICAN
These prices are as of Oct. 23, 1986




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OTC Consolidated trading for week ended Friday

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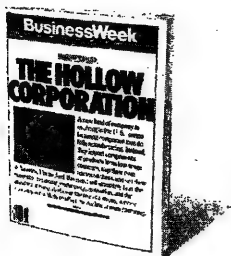
[illegible][illegible]**NYSE Most Actives**

Vsl.	High	Low	Limit	Gap
Alders	416608	67%	68%	64%
Goodyr	318119	65%	65%	64%
Wells	318119	65%	65%	64%
Cluge	132409	27%	28%	27%
USX	190288	27%	28%	27%
Chubb	1222	122%	122%	122%
Chubb	67205	34%	34%	34%
AT&T	25295	24%	24%	24%
MerLyn	44654	45%	47%	45%
Wells	44654	45%	47%	45%
FORUM	46154	59%	59%	59%
Burgh	44657	51%	51%	51%
Wells	44657	51%	51%	51%
EKodis	62199	97%	99%	99%
PS&D	62184	18%	17%	17%
PS&D	62184	18%	17%	17%
PS&D	61042	18%	17%	17%
FPL	40832	23%	21%	21%
Chv	40832	21%	21%	21%
Sch	40832	21%	21%	21%
PS&D	32444	28%	28%	27%
Borwick	37165	34%	34%	34%
Wells	37165	34%	34%	34%
Loare	35844	41%	44%	44%
Tranter	34873	49%	49%	49%

NYSE Sales	
Sales Vol.	
Total for week	679,526
Week ago	597,728
Your '85	553,576
Two years ago	447,581
Jan 1 to date	26,700,200
1985 to date	21,867,360
1984 to date	15,374,796

NYSE Diaries	
This Wk	Last Wk
Advanced	1046
Declined	927
Unchanged	100
Total Issues	2372
New Hths	136

droit, violata

BusinessWeek


Frankfurt: Percy Fohrboch (69) 72-01-81 • Louisa: Ingrid Fischer (21) 27-44-11 • London: Keith Morris (1) 893-1451 • Milano: Roberto Louesi (2) 805-95-67
• Paris: Bruno Hermann (1) 42-89-03-81 • Stockholm: Andrew Komla (8) 4400-05 • Tokyo: Paul Ishii (3) 581-0811

Mutual Funds

_____ Vol. 2

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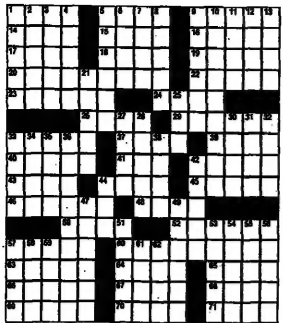


Conquest VHP

Very High Precision

Conquest VHP (for Very High Precision) is probably the world's most advanced wrist watch. Its temperature-compensated quartz movement can vary by no more than about one minute in five years, making it five to ten times more accurate than conventional quartz watches.

SPORTS



ACROSS

1 Move briskly
5 Rhyme
10 Absorb
14 Lose a lap
15 Fish-eating bird
16 Prize money
17 Actor Dixon
18 Tedious
19 Rhyme puns
20 Rock
21 Rotate
22 Like some words
23 Jubilant
24 Gals
25 Woven fabric

DOWN

1 No longer
2 Concept, in
3 Colette
4 City of St. Louis
5 Hockey's Bobby
6 Widespread
7 "I'm prepared for my opponent" - Platon
8 Early 1900's art
9 Cause
10 Tears apart
11 Conditional
12 Release
13 Be at ease
14 "I hope!"
15 Describing a hopeless situation
16 Leave out
17 Actor Fox
18 Actor Roger from London
19 Descartes
20 Together, musically
21 River to the Baltic
22 Not in due order of succession
23 Soviet river
24 Fourth Estate
25 Ventured

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SPORTS BRIEFS

French Rugbymen Beat Romanians, 20-3

BUCHAREST (Combined Dispatches) — The Northern Hemisphere's international rugby season opened on Saturday with France beating Romania, 20-3. Romania plays Ireland in Dublin next Saturday, then France hosts New Zealand in Toulouse on Nov. 8 and in Nantes on Nov. 15.

Lopsided domination of the scrums and slick finishing, despite the slippery conditions, led to tries by Marc Andrieu, the left wing, Serge Blanco, the fullback, and Philippe Baret, the right wing. It was the first time that France had managed three tries in Bucharest since the first French visit here, in 1938.

With two penalty goals and the conversion of his own try, Baret totaled 12 points in his first international match. Virgil Nastase, a flyhalf, accounted for all of Romania's points with a penalty goal in the second half. (APR, 197)

Cypriot Soccer Team Suspended in Europe

ZURICH (Reuters) — Apollon Nicosia soccer team of Cyprus has been suspended from European club competitions for two seasons after failing to turn up for a match against Besiktas Istanbul last Wednesday, the European Soccer Union, UEFA, announced Sunday.

The club will also be fined 4,000 Swiss francs (\$2,500) and must pay the costs of delegates, referees and linemen sent to the match, UEFA said. The Turkish club automatically advances to the quarterfinals of the European champions cup.

Apollon, under apparent pressure from the Cypriot government, told UEFA last Sunday it would not play the first leg, second round match.

Crenshaw Has 3d-Round Lead in Texas Golf

SAN ANTONIO, Texas (AP) — Ben Crenshaw fired a 6-under-par 64 Sunday and established a one-shot lead over Payne Stewart after three rounds of the \$1-million Vantage golf tournament. Crenshaw stood at 196, with the final round of the rain-delayed tournament scheduled for later in the day.

On Friday, Lee Trevino disqualified himself for signing an incorrect scorecard and Tom Watson did the same for inadvertently changing putters during play.

Canada Wins First Eisenhower Cup

CARACAS (AP) — Canada overtook the United States on Saturday to win the Eisenhower Cup, the world amateur team golf championship, for the first time. The margin of victory was three strokes.

Amateur teams have won the cup on 11 of the 15 occasions it has been contested, and they began the final day with a three-hole lead. But Brian Franklin's two-under-par 68, Mark Brewer's 69 and Warren Sze's 71 gave the Canadians a four-round total of 638 and the victory. Taiwan finished third with 649.

For the Record

Kim Yung-sung of South Korea was named president of the General Association of International Sports Federations on Saturday in Monaco. (APR)

PEANUTS



Acquisition of Silk Plugs Hole for Buck

By Roberto Dias

CLEVELAND — So much for the term "offseason." Officials of the six teams in the NBA's Central Division spent little time relaxing during the summer. Cleveland obtained the top overall pick in the college draft and joined with Chicago and Indiana in naming a new coach.

Detroit swapped for one of the National Basketball Association's

NBA PREVIEW

Central Division

perennial scoring threats in Adrian Dantley while Atlanta obtained the shooting guard it sought in the person of Mike McGee.

But this may not be enough to deny the Milwaukee Bucks yet another first-place finish. The Bucks sent Allen Lister, a center-forward, to Seattle for Jack Sikma, a center. The coach, Don Nelson, now has the final combination of shooting and defensive rebounding that he lacked last year from the pivot.

Milwaukee, 57-25 last year, will start Sikma in the pivot, though he can play forward.

At Cleveland, the Bucks have the one-two combination of Terry Cummings and Paul Silas. Silas, a forward, will start at forward. Cummings is the shooting guard, while Silas is the pivot.

Mike Fratello, coach of the Atlanta Hawks, took his team from 34-48 in 1964-65 to 50-32 last year. McGee, acquired from the Los Angeles Lakers, will team with Anthony (Spud) Webb, Randy Wittman and Glenn (Doc) Rivers.

BOOKS

LORENZO DA PONTE: The Life and Times of Mosser's Librettist

By Sheila Hodges. Illustrated. 274 pages. \$22.50. Universe Books, 381 Park Avenue South, New York, N.Y. 10002.

Reviewed by Henry Pleasants

I WAS born in the Philadelphia Main Line suburb of Wayne, not 100 yards from the Coatesburg Road, once the principal thoroughfare leading from Philadelphia to the west. I do not remember when I was first told that I was the road along which Lorenzo Da Ponte was to pass bringing produce from Sunbury, Pennsylvania, to Philadelphia to be traded for merchandise in the big city. But I do remember finding it hard to believe.

I drove along a stretch of the Coatesburg Road every year during my visits to Philadelphia and vicinity, and never without reflecting upon the life of Lorenzo Da Ponte, the man who had lived for seven years (1811-18) as a tradesman in what was then a smallish community in the Sunbury area, about 40 miles north of Philadelphia, and then, within a stone's throw of the spot where I was born.

Residence in Sunbury was far from being all that extraordinary in the life of Lorenzo Da Ponte, as everyone knows who has had the pleasure and excitement of reading his memoirs, written in New York when he was an old man, originally published in Italian between 1823 and 1830. From them we know that Da Ponte was born in 1749 in Canova (now Vittoria Veneto), had a good classical education, entered the priesthood, was active as a teacher of language, served his wild oats in Canova, and then, in 1771, he fled to Trieste, then in Vienna. There he enjoyed a fruitful decade as poet to the Italian Theater, collaborating not only with Mozart but also with Antonio Salieri, Vicente Martin y Soler, Peter von Winter and many other composers then fashionable.

In Vienna, eventually, the indications of his pen, and some anonymous indications, too, got him into trouble with the authorities. He had to flee, this time by a circuitous way to London. There he remained for a decade in post to the King's Theatre, dabbled in publishing and printing, and then led to bankruptcy and departure in 1794.

The remainder of his long life — he died in 1838 at age 89 — was spent, aside from seven years in Sunbury, in New York, on such active as teacher and bookkeeper, devoted to introducing the glories of Italian literature to the New World. A high point was his collaboration with Mozart in the final American production of "Don Giovanni" in New York in 1786.

He was led to London, New York and the rest of the provinces there of relatives of New York, whom he had met in Trieste in 1786 and with whom he lived until his death in 1838.

As a tradesman, he was not a success. The memoirs do not, however, tell us much notably that he was born Emanuele Da Ponte, the Jewish ghetto of Canova, was a tanner and dealer in leather goods who, at his three sons, was admitted to the Roman Catholic Church by Monsignor Lorenzo Da Ponte, presiding bishop of the region, in 1785.

As was the custom of the time, the bishop gave him the name of Lorenzo, and his Christian name was not a success.

This and much more we learn from Sheila Hodges' exhaustively researched and highly entertaining biography, yet she is more preoccupied than earlier biographers and commentators have been toward the memoirs, and is especially at pains to dissociate himself from the task of writing of Da Ponte's memoirs with those of his contemporary, composer and sometime friend Casanova. Da Ponte, she demonstrates, was not a libertine.

He has suffered much, she writes in her introduction, "from posterity's view of him as a dissolute libertine with a string of women and short-lived loves in every town. In fact, apart from a short and extremely colorful period in Venice when he was still a young man, and again at the end of his Vienna period, he was not that of an adventurer, if the world takes to mean one who seeks adventures."

"By temperament and gifts a teacher with a great love for poetry and letters, a sensitive to the dramatic field, through complex facets of his character — glibness, wit, desire to be linked, a genuine wish to do everyone he met a good turn (and not less his propensity to fall in love for almost the whole of his eighty-year life) he was at the mercy of fate rather than in control of it, often tossed helplessly from adversity to adversity."

Da Ponte's life makes a wonderful story, and the best way to enjoy and appreciate it is to read the memoirs side by side with Sheila Hodges' biographical corrective and commentary. There is one gap, however — and a disappointment for those who treasure the three operas Da Ponte wrote with Mozart — that even she cannot fill. Both Mozart and Da Ponte, she writes, "are tantalizingly silent about how they worked together."

Henry Pleasants is a London-based writer who specializes in music and opera.

Solutions to Friday's Puzzle

RAFFIN ALBA RAE
CREATE HARDSELL
HALLS OF HOSHOUS
WISDOM TRIAL GISA
TWEEN SIR
INDOORS WHATSSO
TORME PARAMOUNT
FAT FIGHT
LANDTRES STARE
ONEDIME TIGHTER
LEONORE
ASTI LARDON FAUD
BLENDERS CLAIINE
LONGTONS GORDON
VET SNEE TOKENS

BRIDGE

By Alan Trosscut

ON the diagramed deal, North-South were using "inverted minor raises," a method that has become steadily more popular, South's diamond bid was there for strong, although not completely forcing as it would have been if he had not limited his hand by an original pass.

Since a minor-suit raise in principle denotes possession of a sure suit, the opener can safely bid a minor to show strength rather than length. This only carried the partnership to the no-trump, and West led the club suit.

West had no way to know that a spade lead would have been better, but he suspected as much when his partner dropped the deuce under dummy's king.

From South's angle there was only one risk, that his opponents would break through in spades before he could take enough tricks. He was safe if the diamonds were evenly divided, but he assumed that they were not.

Developing diamonds at once would have given East a chance to signal, so South tried to steal a heart trick before the defense could get its act together. He led to the diamond ace and played a low heart.

But the defenders were on their toes. West saw that the only hope for the defense lay in the spade suit. Instead of playing low in the hope that his partner held the heart queen, he stepped up with his ace.

Then he shifted to the spade king.

Both defenders knew, of course, that South did not have four spades since he would have bid them at his first turn.

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From South's angle there was only one risk, that his opponents would break through in spades before he could take enough tricks. He was safe if the diamonds were evenly divided, but he assumed that they were not.

Developing diamonds at once would have given East a chance to signal, so South tried to steal a heart trick before the defense could get its act together. He led to the diamond ace and played a low heart.

But the defenders were on their toes. West saw that the only hope for the defense lay in the spade suit. Instead of playing low in the hope that his partner held the heart queen, he stepped up with his ace.

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